

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Ray Cox at 3:30 P.M. on January 26, 2005 in Room 527-S of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Bruce Kinzie, Revisor's Office  
Patti Magathan, Committee Secretary

Conferees appearing before the committee:

Matthew Goddard, Heartland Community Banker's Assoc.  
Judi Stork-Kansas, Banking Department Proponent **HB -2097, HB -2098**  
Doug Wareham, Kansas Banking Association, Proponent **HB -2098**  
Bill Henry, Kansas Credit Union Association, Proponent **HB -2099**  
Jerel Wright, Kansas Dept. Of Credit Unions, Proponent **HB -2099**

Others attending:

See attached list.

Representative Cox welcomed the committee and invited new members to introduce themselves. New members included Oletha Faust-Goudeau representing the 84<sup>th</sup> district, Tom Thull representing the 72<sup>nd</sup> district, Anthony Brown representing the 38<sup>th</sup> district, Pat George representing the 119<sup>th</sup> district and Bob Olson representing the 26<sup>th</sup> district.

Representative Cox opened the floor for bill introductions.

**Matthew Goddard**, Vice President Heartland Community Bankers Association, requested a bill that protects the use of lender trade names and trademarks, as well as nonpublic loan information. The bill 1) restricts the use of nonpublic loan information in business solicitations and 2) prohibits the deceptive use of a financial institution's or other mortgage lender's name and trademarks. For enforcement purposes, the bill authorizes lenders to seek a court injunction and damages. (**Attachment 1**)

Representative Cox said that without objection the bills would be introduced.

The chairman opened hearings on **HB -2097 Banks and trust companies, exchange of certain examinations and reports.** There is no fiscal implication.

Proponent **Judi Stork** said that this is an amendment to bill K.S.A. 9-1303 which authorizes information sharing between the State Banking office and various other regulatory bodies. The main purpose of this amendment is to add the Office of Thrift Supervision and the Financial Crimes Enforcement Network to the list of entities which can receive confidential bank examination information. The amendment also removes the ability for the bank commissioner to accept a report of examination from a CPA or independent auditor who audits the accounts of any bank insured by a private insurer. No banks are privately insured. (**Attachment 2**) She offered one amendment to this bill which is on line 24. An "or" should be inserted between "federal deposit insurance corporation" and "the federal reserve bank."

There were no questions or oppositions.

Representative Cox closed the hearing on **HB -2097** and opened hearings on **HB -2098 Banks, granting of trust authority.** There is no fiscal implication.

Proponent **Judi Stork** said that this bill amends K.S.A. 9-1601 which authorizes the commissioner to issue trust powers to a bank to perform various trust activities. This amendment expands the bank's ability to offer Medical Savings Accounts (M.S.A.) and Health Savings Accounts (H.S.A.) to their customers without

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obtaining trust powers from the commissioner, as long as these funds are only invested in bank deposits. (Attachment 3)

Proponent **Doug Wareham** spoke to lend the support of Kansas Banking Association to **HB -2098**. This bill levels the playing field for State Banks since Federally chartered banks can already offer these accounts. This bill also positions banks to handle the increasing demand for this type of account. The bill would become effective when it is published in the register. (Attachment 4)

Rep. Brown questioned the difference between M.S.A. and H.S.A. plans. Rep. George clarified that an M.S.A. is employer owned while an H.S.A. is individually owned.

Rep. Brunk asked who could offer these accounts. Mr. Wareham replied that both State and Federally chartered Banks can administer these accounts. Neither Mr. Wareham nor Ms. Storcks was aware of any other institutions offering these accounts.

Representative Cox closed the hearing on **HB -2098** and opened hearings on **HB -2099 Credit unions; powers of the administrator.**

Proponent **Bill Henry** stated that HB -2099 extends authority of the State Credit Union Administrator to insure parity between state chartered credit unions and foreign chartered credit unions. This mirrors similar legislation passed in 2001 to grant parity between state and federally chartered banks and credit unions. Mr. Henry gave an example of a Missouri chartered credit union with operations in Kansas who is offering a service allowed in Missouri but not allowed in Kansas. A Kansas-chartered credit union could request permission to allow the same service. When the Administrator issues such a special order, a written report would be filed with the President and the Minority Leader of the Senate and with the Speaker and the Minority Leader of the House. This bill also equalizes language related to examination fees and extends this language to include foreign-based credit unions. (Attachment 5)

**Jerel Wright**, proponent, spoke voicing the support of the State Credit Union Department regarding **HB -2099**. He stated that the bill gives the administrator equal authority to authorize activity for credit unions that are either state, foreign, or federally chartered. This amendment also requires the administrator to examine and collect examination fees for foreign credit unions with approved offices in Kansas. (Attachment 6)

Chairman Cox stated that this hearing would not be closed and would be continued in the next meeting.

A motion was made by Rep. Bob Grant that the minutes of January 19 be accepted as written. Chairman Cox stated that without objection the minutes would be approved.

Meeting was adjourned.

Next meeting is scheduled for February 2, 2005